



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

**SUBJECT: OLD OAKLAND ROAD
MEDIAN ISLAND
IMPROVEMENTS**

DATE: 06-01-04

Approved

Date

Council District: 3
SNI: Thirteenth Street

RECOMMENDATION

Report on bids and award of contract for the Old Oakland Road Median Island Improvements Project (Hedding Street to SR 101) to the low bidder, H.S.R., Inc., in the amount of \$512,300, and approval of a contingency in the amount of \$26,000.
CEQA: ND, PP04-03-098.

BACKGROUND

The Old Oakland Road Median Island Improvement Project is a part of the 13th Street Strong Neighborhoods Initiative (SNI) area. The project is located on Old Oakland Road between Highway 101, a State route, and Hedding Street (map attached). Within the work limits of this project, Old Oakland Road is a four-lane thoroughfare that divides two Commercial/Industrial development areas. A portion of the street median between Horning Street and Highway 101 consists of a raised curb with paving and dirt. Further south, the median lanes are paved and are divided by lane striping.

The project will extend the median island length from Highway 101 to Hedding Street and allow for turn lanes into proposed commercial development. The project will construct the concrete curbing to form the median island and install irrigated planting and paving in the island.

The State of California has issued an encroachment permit for the construction of this project.

Construction will begin in August 2004 with completion in February 2005.

ANALYSIS

Bids were opened on May 20, 2004 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Blossom Valley Construction (San José)	\$548,945	\$138,945	34
H.S.R., Inc. (San José)	512,300	102,300	25
Engineer's Estimate	410,000	---	---

The low bid submitted by H.S.R, Inc. is 25 percent above the Engineer's Estimate. A review of the individual bid items revealed that the cost submitted for traffic control and site demolition work was significantly higher than the Engineer's Estimate. The unit costs used in the Engineer's Estimate were based on bids received for similar work on several recent median island projects. Staff contacted the two bidding contractors to discuss the results. Both stated that the unit costs for demolition and traffic control were higher based on the traffic volume due to the commercial location of the project site and the proximity to the Highway 101 on/off ramps and the City and State lane closure policy. Each of these conditions affected the increased construction costs for the project.

There were seven prime contractors who purchased construction documents and who indicated interest in the project. The contractors who did not submit a bid informed staff that the project had much more paving work as compared to landscape work, which would have required several of these contractors to subcontract the majority of the work. As a result, two of these contractors provided bids as subcontractors to the prime contractors. Re-bidding the project is not expected to result in lower bids due to the conditions of traffic control and proximity to Highway 101.

The bid documents were evaluated and found to be in order. The low bidder, H.S.R., Inc., has recently completed another median island improvement project for the City, which was completed on time and provided a quality product. Staff considers the low bid to be acceptable.

The Old Oakland Road Median Island Improvement project is the second phase of the 13th Street SNI Streetscape project initiated under PSM 295 in August 2002. The two projects under this PSM consist of:

1. 13th Street Tree Planting, Street Lighting, and Sidewalk Improvements, and,
2. Old Oakland Road Median Island Improvements.

The project was split into two separate projects based on two dissimilar scopes of work that attract two different types of contractors.

The additional funds required to offset the 25 percent increase in the bid amount will have no impact on the existing or future 13th Street SNI projects.

Although this project received bids that were 25 percent over the Engineer's Estimate, the 13th Street Streetscape project had a cost savings of \$135,000 or 16 percent under the Engineer's

Estimate. The total for the two combined projects provided a net savings of approximately \$25,000.

Council Policy provides for a standard contingency of five percent on Public Works street projects. The standard contingency is appropriate for this project.

PUBLIC OUTREACH

The Old Oakland Road Median Island Improvement Project is part of the City's Strong Neighborhood Initiative Program that has been implemented according to priorities set forth within each Council District.

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San Jose Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, Finance, the State of California, the City Manager's Budget Office, the City Attorney's Office and the Office of Council District 3.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$512,300
2. COST OF PROJECT:

Project Delivery	\$ 128,000
Construction	512,300
Contingency	<u>26,000</u>
TOTAL	\$666,300
3. SOURCE OF FUNDING: 450 - Services for Redevelopment Capital Projects Fund
429 – Building and Structure Construction Tax Fund
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project will have minimal operating and maintenance impacts on the general fund in the amount of \$3,053 annually, beginning in fiscal year 2005-06.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. For Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
450	4572	Thirteenth Street Streetscape Project	123743	\$1,314,641	\$512,300	Section 20.05	11/18/03, Ord. No. 27015
429	6478	Oakland Road: Route 101 to Hedding*	100833	\$397,000	\$0	Adopted Capital Budget, p. 908	10/14/03, Ord. No. 26997
		Total		\$1,711,641	\$512,300		

* May be used for contingency, construction management and inspection.

In the past, three PSMs have been issued. The first PSM was for design services for both the 13th Street Tree Planting, Street Lighting, and Sidewalk Improvements, and, the Old Oakland Road Median Island Improvements (\$190,000). The project was split into two separate projects based on two dissimilar scopes of work that will attract two different types of Contractors. The second PSM (Amendment #1) was for Construction, Construction Management and Inspection, and Construction Contingency for the 13th Street Tree Planting, Street Lighting, and Sidewalk Improvements and the Old Oakland Road Median Island Improvements (\$925,000). The third PSM (Amendment #2) was for Construction, Construction Management and Inspection, and Construction Contingency for the Old Oakland Road Median Island Improvements (\$337,000).

CEQA

ND, PP04-03-098

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